



To: Indiana Housing and Community Development Authority Board of Directors
From: Community Development Department
Date: August 25, 2005
Re: Improving Neighborhoods Through Revitalization (INTR) Redevelopment Loans

In May 2004, the Indiana Housing and Community Development Authority (HCDA) began a pilot program to make resources available for strategic planning and the redevelopment of vacant lots in blighted neighborhoods. To accomplish this objective, the Improving Neighborhoods Through Revitalization (INTR) program was created. Through the INTR program, HCDA is conducting a pilot program for the intends to redevelopment of neighborhoods in up to twelve (12) cities or towns in Indiana.

The INTR program consists of two (2) separate and independent phases: planning studies and redevelopment loans. Each phase of the program has been viewed independently. Cities and towns who received funding for planning studies were not guaranteed to receive funding for redevelopment loans. And likewise, cities and towns who did not receive funding for planning studies were not excluded from receiving funding for redevelopment loans. However, in either case, an approved planning study was required in order to be eligible for a redevelopment loan. Participation in this program does not count against any other HCDA funding limitations.

Phase One – Planning Studies

The planning study phase consisted of funding of eleven (11) planning studies throughout the state and creating of a redevelopment plan in each of these communities. Cities and towns were required to identify a Residential Redevelopment Area (RRA) and outline a strategy for improving the area through multiple funding sources. Studies were then reviewed for the required criteria and approved by HCDA. Up to \$20,000 per planning study funding was used to update an existing study or conduct a new study and funded up to \$20,000 per planning study. The total amount funded under phase one was \$210,550.00, with two (2) awards of the awards totaling \$38,000 being returned to HCDA.

Phase Two – Redevelopment Loans

In the redevelopment phase two, up to twelve (12) RRAs with approved planning studies will be redeveloped through new construction of affordable single-family homes for low-to-moderate income homebuyers. Phase two consists of the redevelopment of up to twelve RRAs that have approved planning studies through the new construction of affordable single-family homes for low to moderate-income homebuyers. Over the next three (3) years, HCDA will provide make available for 3 years up to \$1,000,000 in zero-interest construction financing and development subsidies in each of the RRAs to undertake this redevelopment process. One (1) proposal will be accepted from each RRA; however, in each proposal multiple entities may apply for construction financing. The total loans for all entities cannot exceed \$1,000,000 for the RRA. HCDA will contract with one (1) lead entity for the construction financing. The lead entity will then subcontract with the other entities identified in the proposal. The lead entity may be the a local unit of government, for-profit developer, or non-profit developer.

Construction financing will be repaid to HCDA through the sale of homes to qualified low- to-moderate--income homebuyers. All homes assisted through construction financing and development subsidy must be sold to households with income levels whose income is at or below 80% of the Area Median Income (AMI) as published annually by the U.S. Department of Housing and Urban Development (HUD). Homes do not have to be sold to first-time homebuyers. A development subsidy will be available of up to \$25,000 per home will be available and must be justified through support documentation.

Additionally, HCDA mortgage products, including all First Home products and Mortgage Credit Certificates, are eligible for use in RRAs. Downpayment assistance is available to qualified homebuyers whose income is with income levels at or below 80% AMI through First Home.

We propose to utilize the remaining Redevelopment Loan funds will consist of approximately \$1.05 million in ADFA funds (recouped funds), and \$5.0 million in HCDA General Account funds (instead of the previously determined 3.0 million in HOME Investment Partnerships Program (HOME), and \$2.0 million in Indiana Low-Income Housing Trust Fund (LIHTF) resources). The change in funding will allow HCDA to use all homes assisted under this program to count towards our 25% matching requirement for the HOME Investment Partnership Program (HOME) funds received from HUD on an annually allocation.

On or before July 11, 2005, HCDA received eight (8) redevelopment loan Eight (8) proposals requesting \$6,675,000.00 in INTR redevelopment loans arrived in the HCDA office or were postmarked by close of business Monday, July 11, 2005. HCDA staff solicited proposals for INTR Redevelopment loans and were due in the HCDA office or postmarked by close of business Monday, July 11, 2005. HCDA received eight (8) proposals requesting \$6,675,000.00 in funds. Staff evaluated and scored all eligible proposals received as outlined in the Request for Proposals. Based on the evaluation, staff recommends funding all eight (8) requests the full requested amount for seven (7) of the requests and partial funding of the eighth request for a total of \$6,050,000.

City of Bloomington	IL-005-001
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INTR Loan Amount Requested: \$225,000.00
INTR Loan Amount Recommended: **\$225,000.00**

Total Project Costs: \$283,712.00

Primary Project County: Monroe

Anticipated # of Assisted Units: 5

City of Evansville	IL-005-002
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INTR Loan Amount Requested: \$1,000,000.00
INTR Loan Amount Recommended: **\$1,000,000.00**

Total Project Costs: \$1,660,000.00

Primary Project County: Vanderburgh

Anticipated # of Assisted Units: 40

City of Gary	IL-005-003
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INTR Loan Amount Requested: \$1,000,000.00
INTR Loan Amount Recommended: **\$1,000,000.00**

Total Project Costs: \$2,143,250.00

Primary Project County: Lake

Anticipated # of Assisted Units: 16

City of Kokomo	IL-005-004
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INTR Loan Amount Requested: \$1,000,000.00
INTR Loan Amount Recommended: **\$1,000,000.00**

Total Project Costs: \$1,743,950.00

Primary Project County: Howard

Anticipated # of Assisted Units: 10

City of Marion		IL-005-005
INTR Loan Amount Requested:	\$650,000.00	
INTR Loan Amount Recommended:	\$650,000.00	
Total Project Costs:	\$1,040,000.00	
Primary Project County:	Grant	
Anticipated # of Assisted Units:	30	
Elkhart Housing Partnership, Inc.		IL-005-006
INTR Loan Amount Requested:	\$1,000,000.00	
INTR Loan Amount Recommended:	\$1,000,000.00	
Total Project Costs:	\$2,600,000.00	
Primary Project County:	Elkhart	
Anticipated # of Assisted Units:	10	
Martindale Brightwood, LLC		IL-005-007
INTR Loan Amount Requested:	\$800,000.00	
INTR Loan Amount Recommended:	\$800,000.00	
Total Project Costs:	\$1,988,000.00	
Primary Project County:	Marion	
Anticipated # of Assisted Units:	30	
The ARSH GROUP, Inc.		IL-005-008
INTR Loan Amount Requested:	\$1,000,000.00	
INTR Loan Amount Recommended:	\$375,000.00	
Total Project Costs:	\$2,712,000.00	
Primary Project County:	Lake	
Anticipated # of Assisted Units:	16	

INTR Loan Program Applicants

Applicant	Award Number	Activity	Amt. Requested	Recommended Amount	Total Investment in RRA	Anticipated Units	Project County	Development City
City of Bloomington	IL-005-001	INTR Loan	\$225,000.00	\$225,000.00	\$283,712.00	5	Monroe	City of Bloomington
City of Evansville	IL-005-002	INTR Loan	\$1,000,000.00	\$1,000,000.00	\$1,660,000.00	40	Vanderburgh	City of Evansville
City of Gary	IL-005-003	INTR Loan	\$1,000,000.00	\$1,000,000.00	\$2,143,250.00	16	Lake	City of Gary
City of Kokomo	IL-005-004	INTR Loan	\$1,000,000.00	\$1,000,000.00	\$1,743,950.00	10	Howard	City of Kokomo
City of Marion, Indiana	IL-005-005	INTR Loan	\$650,000.00	\$650,000.00	\$1,040,000.00	30	Grant	City of Marion
Elkhart Housing Partnership, Inc.	IL-005-006	INTR Loan	\$1,000,000.00	\$1,000,000.00	\$2,600,000.00	10	Elkhart	City of Elkhart
Martindale Brightwood LLC	IL-005-007	INTR Loan	\$800,000.00	\$800,000.00	\$1,988,000.00	30	Marion	City of Indianapolis
The ARSH GROUP Inc.	IL-005-008	INTR Loan	\$1,000,000.00	\$375,000.00	\$2,712,000.00	16	Lake	City of Hammond
			\$6,675,000.00	\$6,050,000.00	\$14,170,912.00	157		